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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, D.C. 20510

Executive Registry

84-9088/2

#84-3161

82

September 20, 1984

The Honorable William J. Casey
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

Dear Bill:

Enclosed for your information and action is a letter from Senator Kennedy to me, and a copy of my response to him. I would appreciate it if you and your staff would prepare responses to Senator Kennedy's questions, and give them to me at your earliest possible opportunity. Then I will discuss this matter with Senator Kennedy as soon as I can.

I look forward to hearing from you on this matter.

Sincerely,

Barry Goldwater
Chairman

Enclosures

Executive Registry

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might indicated that the "dialogue" Department issued a statement say-
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and strike plans posted at many of
See AUTO, A12, Col. 1
See ECUENOMY,
See DEBT, A23, Col. 1

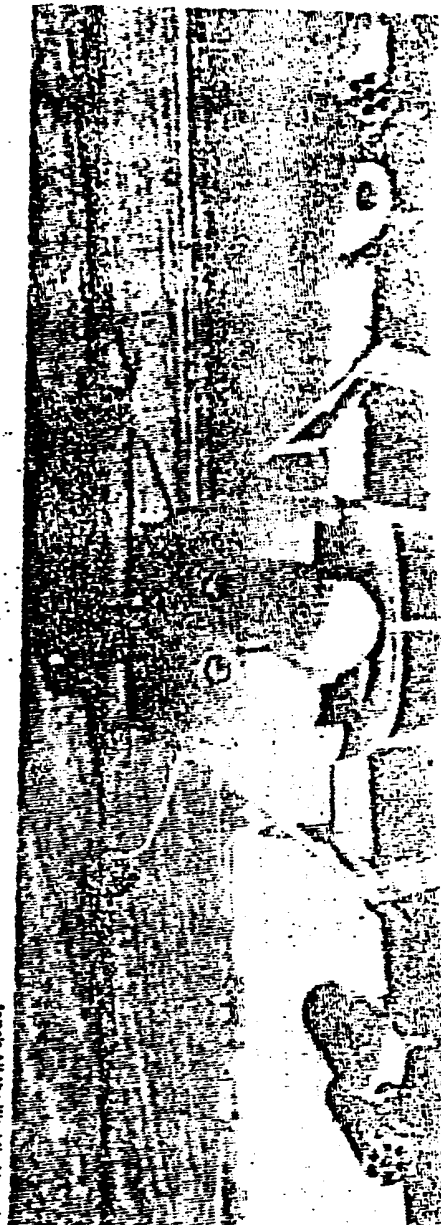
CIA Said to Supply Planes to Nicaraguan Rebels

By Blaine Harden and Joe Picchirallo
Washington Post Staff Writers

A raid by U.S.-backed rebels in Nicaragua two weeks ago was executed with three rocket-equipped aircraft supplied by the Central Intelligence Agency as part of what congressional critics charge may be an administration effort to circumvent strict spending limits on its "secret war" in Central America.

The assault on a Nicaraguan military school near the Honduran border gained notice in the United States because two Americans participating with the rebels were killed. The two, who had traveled to Central America to "fight communism," died when Nicaraguan troops shot down a rebel helicopter in which the pair was riding.

Although the helicopter crash and the dead Americans drew widespread attention in this country, the attack was possibly more notable as the first known instance of rebel use of multiple aircraft in coordination with attacking ground troops.



Three of these Cessna O2As apparently followed a circuitous route from a National Guard base to Nicaragua.

Moreover, the previously unknown guerrilla possession of the three aircraft, all Cessna O2A observation planes specially outfitted with rocket pods, marks a significant escalation in firepower for the rebels.

Both the CIA and the *contras*, as the rebels are known, declined comment on where the planes came from or how they ended up flying over the northern Nicaraguan jungle. But information gathered through sources in Congress, federal agencies, the aircraft industry

and through public documents indicate that the three planes traveled a long and circuitous route that began last December at a National Guard airport beside the Hudson River in New York State.

See PLANES, A24, Col. 1

Campaign Trail

Outspending Harrison 6 to 1

photos, in addition to standard bumper stickers and buttons.

In what is seen as a crucial factor in the race against underdog Democrat Edythe C. Harrison, Warner's campaign is a wash in \$2.2 million in contributions and is outspending Harrison by nearly 6 to 1. Her contributions have yet to top \$400,000—including \$100,000 she donated herself—since winning her party's nomination last June.

Warner is getting money from labor, teachers and women's political groups and individual contributors. Warner's staff says he intends to spend all of the money he has raised so far—and any additional he may raise—before the Nov. 6 general election. "We have no intention of ending up in debt or with a surplus," said Andrew Wahlquist, Warner's chief aide and pointman on the Senate staff for fund raising.

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Janet Gaynor Dies, Was First 'Best Actress'

Janet Gaynor, the actress who won the first Academy

Homeless To California Of Indian M

About 600 homeless in Washington's downtown, steam grates and park have been bused to the coast of central Oregon in weeks—free of charge—to work in a commune found controversial Indian mystic Shree Rajneesh.

For the past several weeks, bused buses have been rolling the city-commune, called F puram, hauling hundreds homeless and the hope inner cities across the coun Followed by Rajneesh effort, which so far has transported about 500 men to the farm range, is part of a massive charity aimed at giving society's least fortunate people other chance.

Their critics charge, that the sannyasins, as they called, are busing in potential to bolster their already erable political clout in the a John Rapphoford, who less week ago lived with 600 per a District shelter on Second streets NW, was one of 30 in arrived at Rajneeshpuram for ago. He said yesterday in a phone interview that he do worry about motives, now lives in what he called the place in the world.

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January, September 12, 1984

THE WASHINGTON POST

CIA Cited as Supplier for Plane

PLANES, From A1

In less than four months, custody of the planes moved from the U.S. Air Force, to a top-secret Joint Chiefs of Staff operation code-named "Elephant Herd," to the CIA, through a Delaware aviation company where they were armed, and ultimately to the *contras*.

The nature of these transactions has raised questions about possible cooperation between the Defense Department and the CIA to circumvent an explicit congressional ban on supplying arms and equipment beyond the \$24 million specifically appropriated to the CIA for aiding the rebels during this fiscal year.

A senior administration official, who could not comment on the specific aircraft used in the Sept. 1 raid, said yesterday that several other small noncombatant military aircraft have been transferred from the Air Force to the *contras* through the CIA.

In letters sent Thursday to Secretary of Defense Caspar W. Weinberger and CIA Director William Casey, Sen. Jim Sasser (D-Tenn.) requested an explanation of what happened to three Air Force Cessna O2As that disappeared from government records after being declared "excess" last December. He charged that "transfer of surplus military equipment at no cost to support *contra* operations would represent an outlay in excess of the CIA legal spending limit"

The Defense Department responded to Sasser's letter yesterday by informing his office that top-secret documents show the planes were transferred to the Joint Chiefs' "Elephant Herd" operation. It said the papers will be made available Monday to him and to the House and Senate intelligence committees.

Congress refused administration requests for additional funding for the *contras* this fiscal year. Both the CIA and the *contras* have said that current funds were exhausted in May.

In the much publicized *contra* raid two weeks ago in Nicaragua, the three O2As escaped without being downed by Sandinista ground fire. The Reagan administration, which charges the leftist Sandinista government with exporting communism in Central America, says the rebel attack killed at least four

senior Cuban military advisers. The Sandinista government disputes this, saying the *contras*' rockets killed three children and a cook at the training school.

An account of how these three Cessnas apparently were secretly transferred from the New York Air National Guard to Central America—with a stopover for armaments at a private airfield tucked away in the cornfields of rural Delaware—is a case study in the conduct of one aspect of the "secret war" that has been financed by the CIA since December 1981, when President Reagan first approved covert assistance to the *contras*.

About \$80 million in covert assistance has been provided formally to the rebels since the program began. Members of the House Intelligence Committee, however, have been concerned for several months that the CIA has developed backdoor mechanisms to supply additional materiel to the rebels.

Large amounts of equipment have been transferred from Defense to the CIA for the rebels, according to Richard C. Lawrence, who until last fall was director of Central American affairs in the office of Nestor Sanchez, deputy assistant secretary for Inter-American affairs.

"We gave the agency pretty much anything they wanted. In war they're a fourth branch of the service. There is a terrible gray area about what to do in semi-declared wars [such as the "secret war" between U.S.-supported rebels and Nicaragua]. It helps to have the [Defense Department] and CIA working together in this situation," Lawrence said yesterday in a telephone interview from his home in Santa Fe, N.M. He was repeating comments he made in a magazine interview this summer.

Lawrence added that the transfer of equipment between Defense and the CIA was done under a "strict accounting procedure."

Congress' limit on CIA aid to the *contras*, which expires at the end of this month, forbids the use of CIA contingency funds and other special accounts to aid the rebels. In closed hearings, CIA officials reportedly have assured House Intelligence Committee members that they are, in the words of one committee source, "completely within the law

and they have not exceeded the cap."

A sharp disagreement exists, however, between Defense and Congress on what kinds of cost-free transfers are within the law.

The Defense Department has cited the Economy Act of 1920 to justify such transfers. The act, according to the General Accounting Office, the investigative arm of Congress, was written to prevent one agency from increasing its spending at the expense of another. Equipment may be lent under the act, but the GAO says it must be returned in usable condition or paid for.

Defense, however, interprets the Economy Act much differently. "It is a rather general law," says James Saylor, director of financial accounting policy for the Pentagon. Under the act, Saylor says the Pentagon can negotiate a price with the CIA "which is zero."

The journey of the planes that Air Force documents say were used in support of project "Elephant Herd" began three days after Christmas last year at Stewart International Airport, the home of the

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s Used by Nicaraguan Rebels

New York Air National Guard's 105th Tactical Air Squadron. Until last year, the National Guard group had a squadron of 20 O2As at Stewart.

The O2A is a light, sturdy, easy-to-fly airplane built by Cessna primarily for visual reconnaissance and target identification. The plane is relatively easy to maintain and can be landed on primitive runways as short as 449 feet. Because of its suitability for guerrilla warfare, the plane, which cuts a distinctive profile as seen from the ground because of its twin fins and rudders, has been popular for years among the air forces of Third World countries. As used by Thailand, Haiti and Nicaragua during the rule of Anastasio Somoza, the aircraft was often outfitted with rockets.

Seven of the O2As in the custody of the New York Air National Guard—none of which were outfitted with weapons—were designated "excess" at the end of last year. Two of those planes were sold last November by the Defense Department for \$46,491 each to the Salvadoran armed forces. Another is slated to be exhibited at an Air

Force museum in Ohio and another is in the possession of the Air Force Systems Command at Andrews Air Force Base. Thirteen O2As remain at Stewart, which is near Newburgh, N.Y.

A spokesman for National Guard headquarters in Washington said that on Dec. 28 the final three excess O2As—the aircraft believed to be in the possession of the *contras*—were flown to Andrews and signed for by the Air Force Logistics Command. In February, the Air Force also declared the same planes "excess," and they were dropped from the Air Force inventory.

According to Air Force documents, the planes then were turned over to project "Elephant Herd." According to the Air Force, "Elephant Herd" is the code name for "a Joint Chiefs of Staff operation—a multiservice tasking." The phrase "multiservice tasking," according to congressional sources, can refer to highly secret operations involving several branches of the military. The attempt to rescue the American hostages in Iran in 1980 was a multiservice tasking.

When the O2As left Stewart they

bore markings of both the Air National Guard and the Air Force. Three such aircraft, similarly without weapons and bearing Air National Guard and Air Force markings, were seen in February in the repair hangars at Summit Aviation Inc., a company that congressional sources say has a history of doing contract work on airplanes for the CIA. Summit, a Cessna dealer, specializes in refitting the civilian version of the O2A for military use.

According to an informed source, the unarmed Air Force planes were outfitted last February by Summit with four rocket pods capable of carrying 28 2¾-inch rockets.

A spokesman for Summit said yesterday that the company would have no comment. "We as a company are not interested in talking to you," said Joseph Hortiz, a company official who identified himself as being in charge of Summit's charter department. He said he was unaware of three O2As being at Summit earlier this year. "I am not going to help you in any way," he said.

Summit Aviation, which owns an airfield and several hangars on See PLANES, A25, Col. 1

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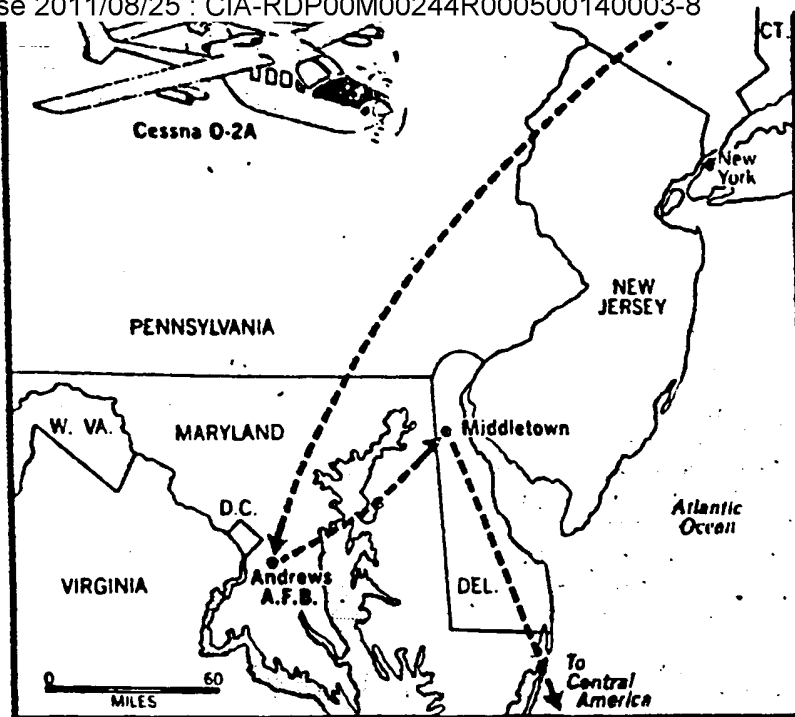
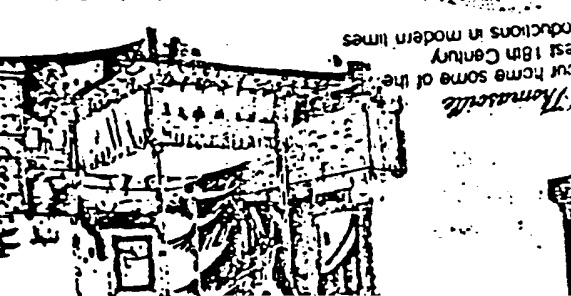
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The Washington Post

Delaware Company Modifies Planes for Foreign Military Use

PLANES, From A24

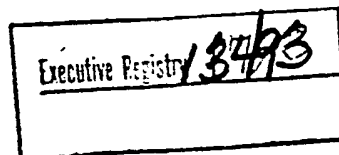
Highway 896 near Middletown, was founded in 1960 by Richard C. du Pont Jr., a member of the well-known du Pont family of Delaware.

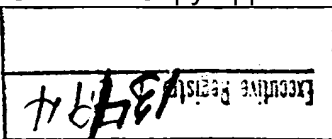
The company is highly regarded in civilian aviation circles for its maintenance work, particularly in electronics, on small private aircraft. Last month the company received a \$1.6 million construction grant from the Federal Aviation Administration to expand its airfield runway. The longer runway will be used to drain away private air traffic from Philadelphia International Airport.

Summit, however, has another division engaged in much different work. According to a 1980 supplement to the authoritative "Jane's All The World's Aircraft," Summit specializes in modifying Cessna 337 airplanes (337 is the civilian version of the O2A) "for sale to military customers." Summit is listed in U.S. State Department records as an exporter of munitions.

The Cessnas can be modified by Summit "for a wide range of mis-

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voy protection, maritime patrol, six-seat personnel carrier, light cargo transport, aerial photography, psychological warfare, and airborne discharge."

Summit sold six of these modified airplanes, which it calls the "Summit Sentry," to the Royal Thai Navy in 1980, according to Jane's.

According to an informed source, the company also sold at least six O2As to the government of Haiti in 1976. Summit also sent four pilots to train Haitian pilots in flight skills ranging from basic flying to gunnery, the source said. Those pilots, who worked in Haiti between August 1976 and February 1977, were paid each month with a \$1,000 check from Summit and \$4,000 in cash, the source said.

Under a similar arrangement, the source said, at least six Summit pilots went to Nicaragua in late 1977 to train pilots in Somoza's National Guard in gunnery. That was during a time when Congress was continuing to give aid to Somoza. By that time the House Appropriations Committee had heard testimony about government torture in Nicaragua of political dissidents and the killing of peasants. According to FAA records, Summit sold a Cessna of the type that it specializes in arming to the Nicaraguan government.

According to congressional sources, Summit is known to do contract work for the CIA and has had former CIA personnel on its payroll. The company was linked through ownership records to a Cessna 404 airplane—flown by a *contra* pilot—that crashed during a bombing run in Managua on Sept. 8 last year.

That aircraft, according to FAA records, was purchased by Summit Aviation in October 1982 from

Trager Aviation Center in Lima, Ohio. On the same day that Summit purchased the plane, the company sold it to Investair Leasing Corp. of McLean, Va., according to FAA records. Investair, which has an unlisted telephone number, also does contract work for the CIA, according to congressional sources.

Bruce W. Trager, who sold the Cessna to Summit for \$308,872, says the deal was "put together" by Patrick J. Foley, who is listed in Jane's as Summit's "military director."

Foley, 47, who could not be reached for comment yesterday or on Thursday, is the primary salesman for Summit overseas and negotiated the sales of O2s to Haiti, Thailand and Nicaragua, according to an informed source. He told the Wilmington News-Journal in 1981 that orders for military modifications come from Cessna agents around the world and from contacts he has made in his travels.

An accomplished pilot, Foley works about 14 days a month as a Boeing 747 captain for Flying Tiger freight lines. He is described by acquaintances as a fervent patriot who frequently wears a military fatigue jacket and who is suspicious of the press. Last fall, he called Delaware State police when two New York Times reporters went onto the grounds of Summit's airfield to interview company employees.

A Summit official yesterday told The Washington Post that if reporters "come on the property, we will call the police."

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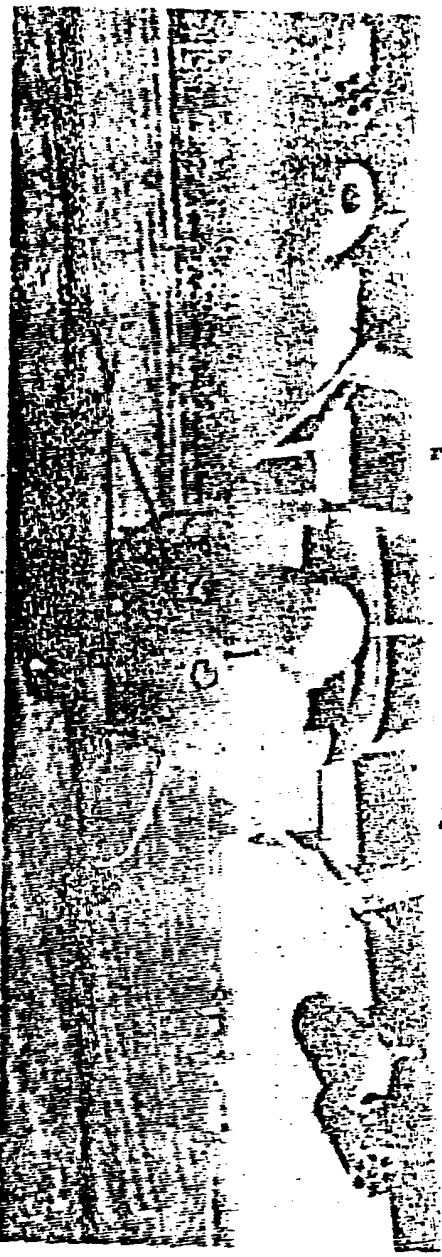
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s Used by Nicaraguan Rebels

New York Air National Guard's 105th Tactical Air Squadron. Until last year, the National Guard group had a squadron of 20 O2As at Stewart.

The O2A is a light, sturdy, easy-to-fly airplane built by Cessna primarily for visual reconnaissance and target identification. The plane is relatively easy to maintain and can be landed on primitive runways as short as 449 feet. Because of its suitability for guerrilla warfare, the plane, which cuts a distinctive profile as seen from the ground because of its twin fins and rudders, has been popular for years among the air forces of Third World countries. As used by Thailand, Haiti and Nicaragua during the rule of Anastasio Somoza, the aircraft was often outfitted with rockets.

Seven of the O2As in the custody of the New York Air National Guard—none of which were outfitted with weapons—were designated "excess" at the end of last year. Two of those planes were sold last November by the Defense Department for \$46,491 each to the Salvadoran armed forces. Another is slated to be exhibited at an Air

Force museum in Ohio and another is in the possession of the Air Force Systems Command at Andrews Air Force Base. Thirteen O2As remain at Stewart, which is near Newburgh, N.Y.

A spokesman for National Guard headquarters in Washington said that on Dec. 28 the final three excess O2As—the aircraft believed to be in the possession of the *contras*—were flown to Andrews and signed for by the Air Force Logistics Command. In February, the Air Force also declared the same planes "excess," and they were dropped from the Air Force inventory.

According to Air Force documents, the planes then were turned over to project "Elephant Herd." According to the Air Force, "Elephant Herd" is the code name for a Joint Chiefs of Staff operation—a multiservice tasking. The phrase "multiservice tasking," according to congressional sources, can refer to highly secret operations involving several branches of the military. The attempt to rescue the American hostages in Iran in 1980 was a multiservice tasking.

When the O2As left Stewart they

bore markings of both the Air National Guard and the Air Force. Three such aircraft, similarly without weapons and bearing Air National Guard and Air Force markings, were seen in February in the repair hangars at Summit Aviation Inc., a company that congressional sources say has a history of doing contract work on airplanes for the CIA. Summit, a Cessna dealer, specializes in refitting the civilian version of the O2A for military use.

According to an informed source, the unarmed Air Force planes were outfitted last February by Summit with four rocket pods capable of carrying 28 2½-inch rockets.

A spokesman for Summit said yesterday that the company would have no comment. "We as a company are not interested in talking to you," said Joseph Hortiz, a company official who identified himself as being in charge of Summit's charter department. He said he was unaware of three O2As being at Summit earlier this year. "I am not going to help you in any way," he said.

Summit Aviation, which owns an airfield and several hangars on

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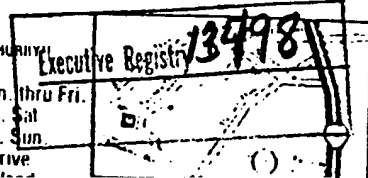
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voy protection, maritime patrol, six-seat personnel carrier, light cargo transport, aerial photography, psychological warfare, and airborne discharge."

Summit sold six of these modified airplanes, which it calls the "Summit Sentry," to the Royal Thai Navy in 1980, according to Jane's.

According to an informed source, the company also sold at least six O2As to the government of Haiti in 1976. Summit also sent four pilots to train Haitian pilots in flight skills ranging from basic flying to gunnery, the source said. Those pilots, who worked in Haiti between August 1976 and February 1977, were paid each month with a \$1,000 check from Summit and \$4,000 in cash, the source said.

Under a similar arrangement, the source said, at least six Summit pilots went to Nicaragua in late 1977 to train pilots in Somoza's National Guard in gunnery. That was during a time when Congress was continuing to give aid to Somoza. By that time the House Appropriations Committee had heard testimony about government torture in Nicaragua of political dissidents and the killing of peasants. According to FAA records, Summit sold a Cessna of the type that it specializes in arming to the Nicaraguan government.

According to congressional sources, Summit is known to do contract work for the CIA and has had former CIA personnel on its payroll. The company was linked through ownership records to a Cessna 404 airplane—flown by a *contra* pilot—that crashed during a bombing run in Managua on Sept. 8 last year.

That aircraft, according to FAA records, was purchased by Summit Aviation.

Trager Aviation Center in Lima, Ohio. On the same day that Summit purchased the plane, the company sold it to Investair Leasing Corp. of McLean, Va., according to FAA records. Investair, which has an unlisted telephone number, also does contract work for the CIA, according to congressional sources.

Bruce W. Trager, who sold the Cessna to Summit for \$308,872, says the deal was "put together" by Patrick J. Foley, who is listed in Jane's as Summit's "military director."

Foley, 47, who could not be reached for comment yesterday or on Thursday, is the primary salesman for Summit overseas and negotiated the sales of O2s to Haiti, Thailand and Nicaragua, according to an informed source. He told the Wilmington News-Journal in 1981 that orders for military modifications come from Cessna agents around the world and from contacts he has made in his travels.

An accomplished pilot, Foley works about 14 days a month as a Boeing 747 captain for Flying Tiger freight lines. He is described by acquaintances as a fervent patriot who frequently wears a military fatigue jacket and who is suspicious of the press. Last fall, he called Delaware State police when two New York Times reporters went onto the grounds of Summit's airfield to interview company employees.

A Summit official yesterday told The Washington Post that if reporters "come on the property, we will call the police."

Executive Register

13500